

NATIONAL CREDIT UNION SHARE INSURANCE FUND

Your savings federally insured to \$100,000

NCUA

*National Credit Union Administration
a U.S. Government Agency*

FINANCIAL HIGHLIGHTS OCTOBER 31, 2004

**DENNIS WINANS
CHIEF FINANCIAL OFFICER**

NCUSIF FINANCIAL HIGHLIGHTS

October 31, 2004

Balance Sheet:

Investments: US Government Securities — increased by \$121.9 million due primarily to the collection of one percent deposit adjustments due from credit unions on October 18.

Due from Credit Unions — of \$32.4 million represents the amount of one percent deposit adjustments due from credit unions on October 18, 2004.

Other Receivables: Recoveries from Liq. CU — increased to \$18.1 million due primarily to new receivables established by AMAC from the liquidation of several credit unions.

Cash — includes \$.3 million in collections on one percent deposit adjustments received after the overnight investment was made on October 31, 2004.

Interest Receivable — net increase of \$14.0 million is due to a combination of \$17.2 million in accrued interest earned in October, and payments of \$3.3 million received by the NCUSIF in October.

Prepaid & Deferred Charges — is \$1.1 million for October. \$7.5 million was transferred to the operating fund to cover 59.8% of the agency's operating costs. October's actual operating costs were \$6.4 million.

Other Assets — represents balance due to the NCUSIF from monies loaned to NCUA for purchase of the King Street building.

Accounts Payable: Liquidation Claims — increased to \$13.3 million due primarily to the payable established by AMAC for several liquidated credit unions.

Provision for Credit Union Losses (Reserves) — of \$88.8 million includes new reserves of \$3.0 million that were added for October.

NCUSIF Equity — remained at 1.28% for October. The equity ratio is based upon an insured share base of \$497.0 billion for June 30, 2004.

Statement of Revenue and Expense:

NCUSIF Total Operating Expense — of \$6.5 million includes \$165.0 thousand in direct expenses paid by the NCUSIF for state examiner training, leasing expense for state examiner laptop computers, and other insurance related items.

Insurance Loss — is \$3.0 million for October. This increase is for new reserves or reserve increases for specific problem credit unions.

TABLE 1 - NATIONAL CREDIT UNION SHARE INSURANCE FUND
BALANCE SHEET
OCTOBER 31, 2004

ASSETS	OCTOBER 2003	SEPTEMBER 2004	OCTOBER 2004
Investments:			
U.S. Government Securities	\$6,035,344,599.51	\$6,164,709,542.08	\$6,286,635,874.08
Advances to Credit Unions:			
NCUSIF Subordinated Notes	0.00	0.00	0.00
Share Deposits	0.00	0.00	0.00
	-----	-----	-----
Total Advances to Credit Unions	0.00	0.00	0.00
Other Receivables:			
Due from Credit Unions	8,498,592.67	168,208,481.45	32,427,324.86
Loans due to NCUSIF	1,711,419.24	4,495,917.94	4,495,917.94
Recoveries from Liq. CU	13,968,297.69	13,133,710.31	18,102,356.10
	-----	-----	-----
Total Other Receivables	24,178,309.60	185,838,109.70	55,025,598.90
Cash	5,413.35	2,984,909.22	294,909.14
Interest Receivable	70,667,813.51	56,434,629.14	70,390,742.37
Prepaid & Deferred Charges	368,978.70	443,782.28	1,119,781.85
Leased Assets	921,797.75	620,217.77	586,068.28
Other	26,707,005.95	25,480,413.26	25,368,568.47
	-----	-----	-----
TOTAL ASSETS	\$6,158,193,918.37	\$6,436,511,603.45	\$6,439,421,543.09
	=====	=====	=====
LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$8,268,391.83	\$9,037,175.09	\$13,322,482.73
Other	5,320.41	0.00	0.00
Check Clearing Accounts	198.71	26,190.91	9,786.56
Dividend Check Clearing	0.00	0.00	0.00
	-----	-----	-----
Total Current Liabilities	8,273,910.95	9,063,366.00	13,332,269.29
Provision for CU Losses (Reserves)	74,286,492.74	88,596,849.50	88,750,924.52
Lease Liabilities	933,516.62	628,284.43	523,196.77
	-----	-----	-----
TOTAL LIABILITIES	\$83,493,920.31	\$98,288,499.93	\$102,606,390.58 1/
EQUITY			
CU Contributed Capital	\$4,704,379,797.60	\$4,945,791,839.22	\$4,943,008,364.76
Retained Earnings	1,370,320,200.46	1,392,431,264.30	1,393,806,787.75
	-----	-----	-----
TOTAL EQUITY	\$6,074,699,998.06	\$6,338,223,103.52	\$6,336,815,152.51
TOTAL LIABILITIES & EQUITY	\$6,158,193,918.37	\$6,436,511,603.45	\$6,439,421,543.09
	=====	=====	=====

COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS
for Period Ending October 31, 2004

	OCT 03	SEP 04	OCT 04
1/ Does not include unreserved contingent liabilities of \$0 in asset guarantees, and \$99 thousand in outstanding line of credit guarantees.			
1. Investments/Total Assets	98.01%	95.78%	97.63%
2. Total Equity/Insured Shares	1.28%	1.28%	1.28%
3. Prov. for Losses/CU Capital	1.58%	1.79%	1.80%
4. Non-Earning/Total Assets	1.56%	3.83%	1.98%
5. Available Asset Ratio	1.26%	1.22%	1.24%

TABLE 2 - STATEMENT OF REVENUE AND EXPENSE
FOR THE PERIOD ENDING OCTOBER 31, 2004

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2004	CY TO DATE BUDGETED 2004	CY TO DATE 2003
Investment Income	\$10,848,147.73	\$10,500,000.00	\$103,280,858.95	\$105,000,000.00	\$130,077,522.37
Other Income	42,969.84	40,000.00	431,617.40	400,000.00	684,029.91
	-----	-----	-----	-----	-----
Total Income	10,891,117.57	10,540,000.00	103,712,476.35	105,400,000.00	130,761,552.28
EXPENSE					
Employee Pay	3,903,998.66	4,245,926.77	40,640,919.50	43,847,712.11	43,501,937.66
Employee Benefits	948,474.50	1,087,663.62	10,176,375.68	11,213,988.97	10,280,807.86
Employee Travel	597,311.33	672,360.08	5,387,230.62	6,723,600.78	5,121,290.87
Rent/Communications/Utilities	187,205.94	221,527.24	2,139,373.84	2,215,272.43	2,033,056.77
Administrative Costs	554,085.82	630,663.32	4,625,833.57	6,306,633.25	4,210,782.04
Contracted Services	189,141.90	407,798.61	2,554,076.96	4,077,986.07	2,314,544.26
	-----	-----	-----	-----	-----
Subtotal NCUA Operating Exp.	6,380,218.15	7,265,939.64	65,523,810.17	74,385,193.61	67,462,419.46
AMAC Expense	7.04	15,000.00	30,839.45	150,000.00	26,943.46
Training Expense	127,302.81	110,000.00	760,296.28	1,100,000.00	1,109,118.53
Leasing Expense	34,935.36	35,250.00	354,764.28	352,500.00	481,971.47
Other Insurance Expense	2,803.76	3,500.00	29,997.83	35,000.00	141,469.70
	-----	-----	-----	-----	-----
Total Operating Exp.	6,545,267.12	7,429,689.64	66,699,708.01	76,022,693.61	69,221,922.62
Insurance Loss	2,970,327.00	1,250,000.00	12,000,134.22	12,500,000.00	31,146,561.73
	-----	-----	-----	-----	-----
Total Expense	9,515,594.12	8,679,689.64	78,699,842.23	88,522,693.61	100,368,484.35
NET INCOME	\$1,375,523.45	\$1,860,310.36	\$25,012,634.12	\$16,877,306.39	\$30,393,067.93
	=====	=====	=====	=====	=====
Retained Earnings, Beginning of Year			\$1,368,794,153.63		\$1,339,927,132.53
Prior Year Adjustment			0.00		0.00
			-----		-----
As Restated			1,368,794,153.63		1,339,927,132.53
Net Income			25,012,634.12		30,393,067.93
			-----		-----
			1,393,806,787.75		1,370,320,200.46
Dividends			0.00		0.00
			-----		-----
Retained Earnings, End of Year			\$1,393,806,787.75		\$1,370,320,200.46
			=====		=====

Comparative Analysis of NCUSIF Ratios for October 31, 2004

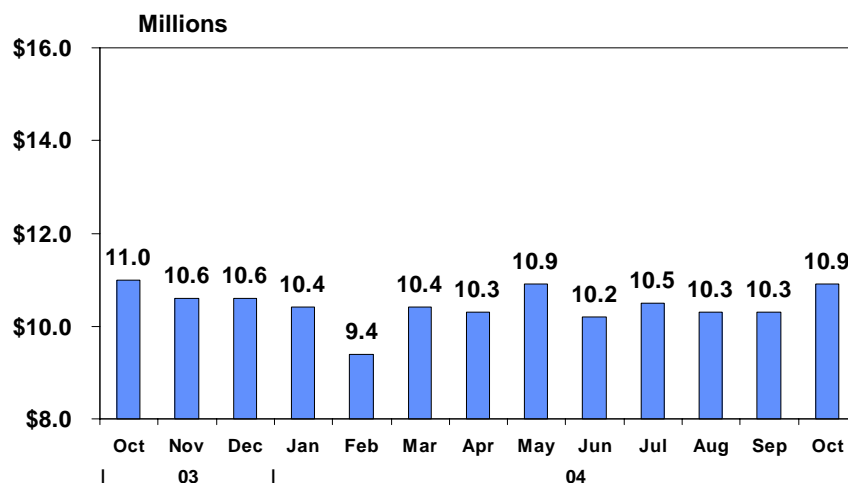
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR CYTD	CURRENT CYTD
1. Oper. Exp./Total Income	69.29%	60.10%	52.94%	64.31%
2. Ins. Loss/Total Income	6.47%	27.27%	23.82%	11.57%
3. Total Exp./Total Income	75.77%	87.37%	76.76%	75.88%
4. Net Income/Total Income	24.23%	12.63%	23.24%	24.12%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.01%	0.00%

TABLE 3 - STATEMENT OF CASH FLOWS
October 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$78,651,122.49
Other income received	(2,352,881.30)
Cash paid for operating expenses	(69,472,693.16)
Net cash (paid) received for insurance losses	<u>(2,017,428.63)</u>
Net cash provided by operating activities	4,808,119.40
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(212,501,810.90)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>1,118,447.90</u>
Net cash provided by (used in) investing activities	(211,383,363.00)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions from insured credit unions Cont Cap acct	206,864,535.28
Dividends to insured credit unions	<u>0.00</u>
Net cash provided by financing activities	206,864,535.28
NET INCREASE (DECREASE) IN CASH	289,291.68
CASH, BEGINNING OF YEAR	5,617.46
CASH, ENDING OCTOBER 31, 2004	<u><u>\$294,909.14</u></u>

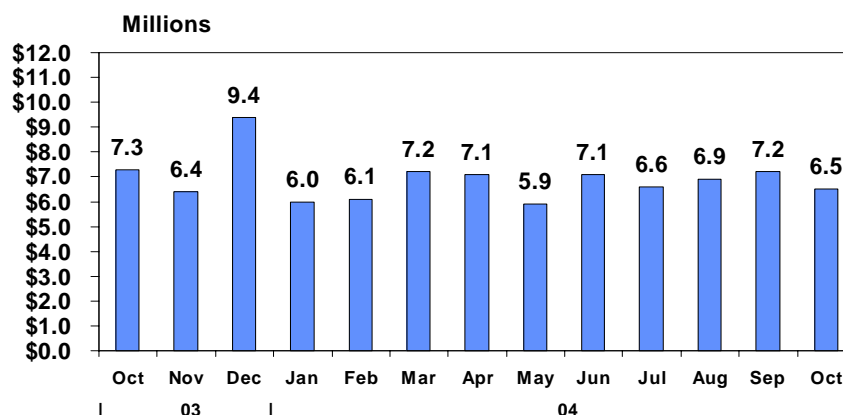
GROSS INCOME

October 03 – October 04



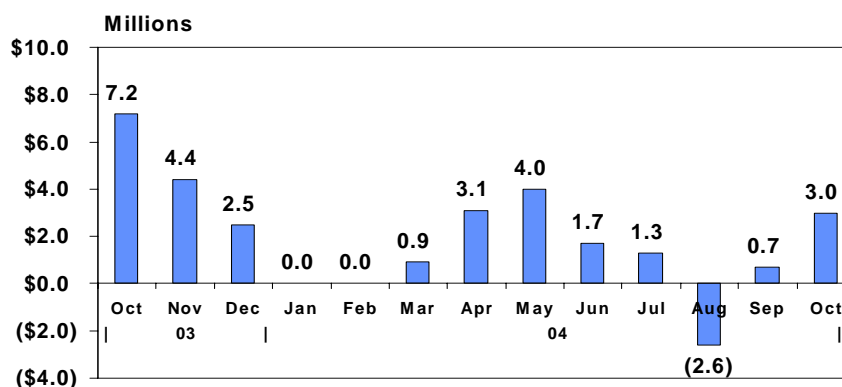
OPERATING EXPENSE

October 03 – October 04



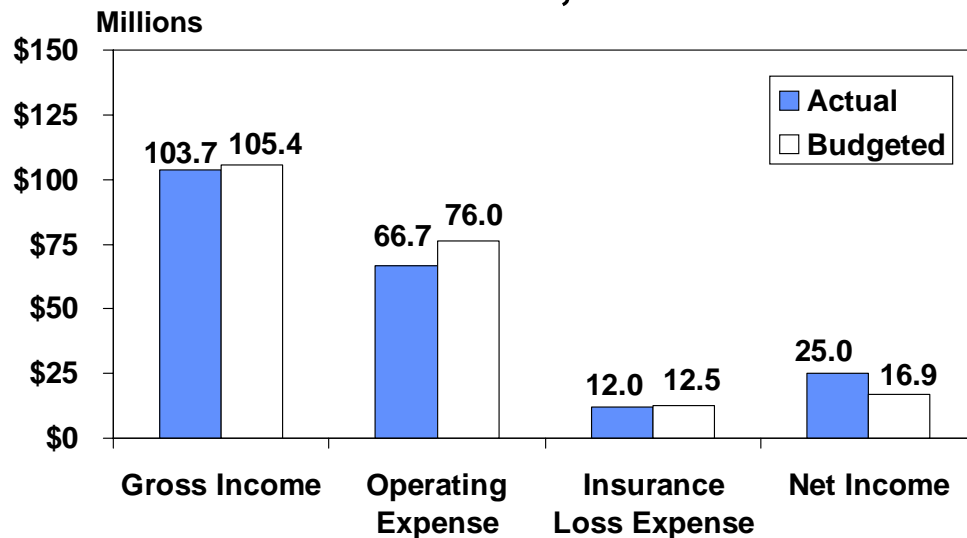
INSURANCE LOSS EXPENSE

October 03 – October 04



REVENUE AND EXPENSE

October 31, 2004



NCUSIF EQUITY RATIO

October 31, 2004

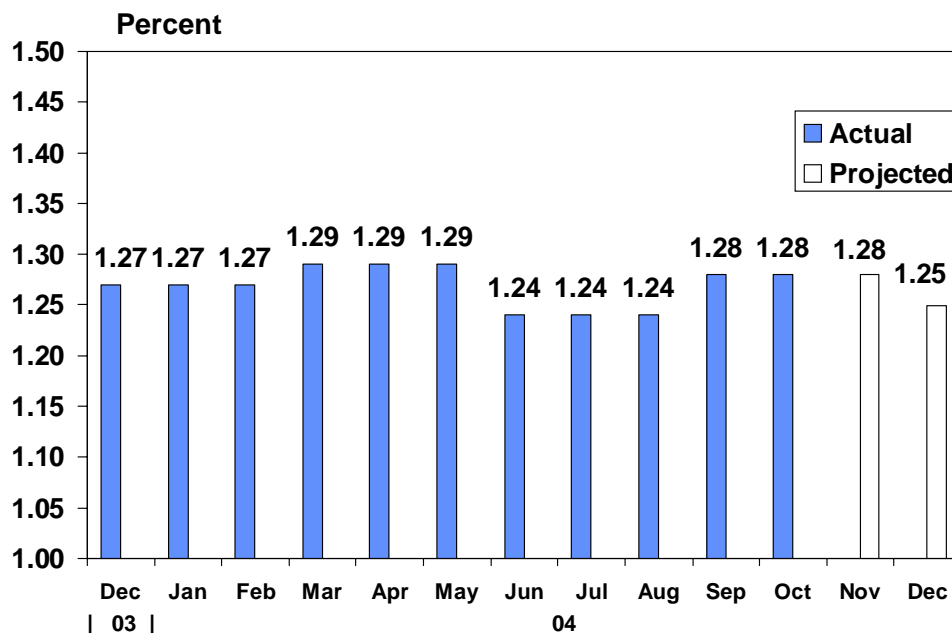
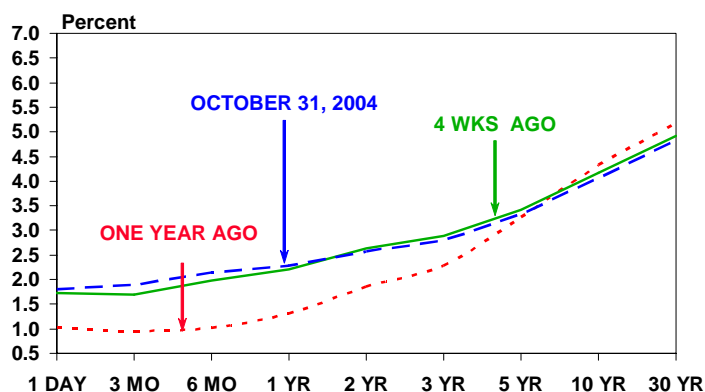


TABLE 4

INVESTMENT PORTFOLIO SUMMARYOCTOBER 31, 2004

I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE					
	Book Value	Market Value	(Gain or Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$988,871,000	\$988,871,000	\$0	100.0%	1.78%
U.S. Treasury Notes	\$5,297,764,874	\$5,281,416,250	(\$16,348,624)	99.7%	2.10%
TOTAL	\$6,286,635,874	\$6,270,287,250	(\$16,348,624)	99.7%	2.06%
II. INVESTMENT PORTFOLIO PERFORMANCE					
	Last Month	Current Month	CY To Date	CY04 Projections	
Investment Yield	2.00%	2.00%	1.97%	2.00%	
Investment Income	\$10,296,943	\$10,848,148	\$103,280,859	126 Million	
Income Budgeted	\$10,500,000	\$10,500,000	\$105,000,000	126 Million	
Income/Budgeted Ratio	98.1%	103.3%	98.4%	100.00%	
Avg. Maturity in Days	476	457	457		
III. MONTHLY ACTIVITY					
Purchase	Type	Amount	Maturity	Yield	
TOTAL		\$0			
IV. MATURITY SCHEDULE (par value in millions)					
3 months or less	1,888.9				
3 months - 1 year	1,600.0				
1 year - 2 years	1,600.0				
2 years - 3 years	800.0				
3 years - 4 years	300.0				
TOTAL	\$6,188.9				

TREASURY YIELD CURVE



MATURITY SCHEDULE

October 31, 2004

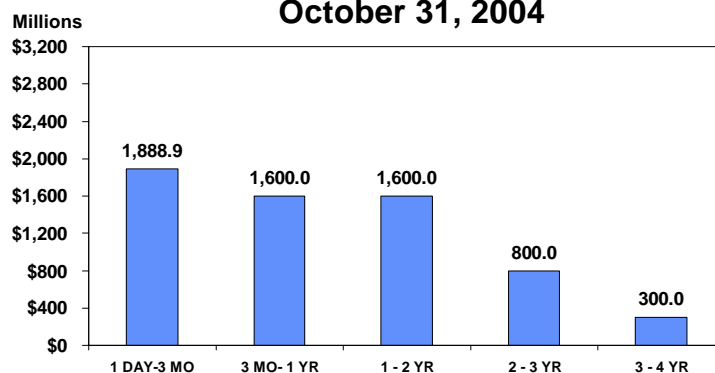


TABLE 5

YIELD COMPARISONSOctober 31, 2004

YIELD COMPARISONS								
	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04
NCUSIF Yield	1.99%	2.02%	2.05%	1.98%	1.97%	1.92%	2.00%	2.00%
90 day T-Bill	0.94%	0.97%	1.07%	1.28%	1.40%	1.59%	1.70%	1.89%
1 year T-Bill	1.20%	1.55%	1.77%	2.04%	2.02%	1.96%	2.20%	2.28%
2 year T-Note	1.59%	2.34%	2.55%	2.70%	2.64%	2.37%	2.64%	2.57%
30 year T-Note	4.79%	5.30%	5.37%	5.30%	5.19%	4.91%	4.92%	4.81%

YIELD COMPARISONS

OCTOBER 31, 2004

